

Single Rulebook Q&A

Question ID	2013_105
Status	Final Q&A
Legal act	Regulation (EU) No 575/2013 (CRR)
Topic	Own funds
Article	63, 490
Paragraph	-
Subparagraph	-
COM Delegated or Implementing Acts/RTS/ITS/GLs/Recommendations	Not applicable
Article/Paragraph	N/A
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Disclose name of institution / entity	No
Type of submitter	Credit institution
Subject matter	Treatment of existing Tier 1 and Tier 2 instruments
Question	This question is a supplement to Question 2013_46. For Tier 1 or Tier 2 instruments with an incentive to redeem and quarterly/semi-annual/annual calls beyond the first call date, would these instruments qualify as Tier 2 capital if the issuer gave an undertaking to its regulator and the market that it would not exercise its call option for at least 5 years after the first call date? This would save the issuer the time and expense of having to modify the actual instrument documentation but would achieve a similar outcome in terms of its capital position/quality.
Background on the question	Further clarification of Questions 2013_15 and 2013_46
EBA answer	An undertaking by the issuer to give up its call right does not change the regulatory treatment because the undertaking does not form part of the provisions governing the instrument. Please note that the grandfathering of innovative Tier 1 instruments is addressed by QA 15 .
Link	https://www.eba.europa.eu/single-rule-book-qa/-/qna/view/publicId/2013_105

